

AMENDED IN SENATE JUNE 22, 2000
AMENDED IN ASSEMBLY MAY 3, 2000
AMENDED IN ASSEMBLY APRIL 10, 2000

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 2778

Introduced by Assembly Member Jackson

February 25, 2000

~~An act relating to child care facilities.~~ *An act to add Section 8290 to the Education Code, relating to child care facilities.*

LEGISLATIVE COUNSEL'S DIGEST

AB 2778, as amended, Jackson. Child care facilities.

Existing law creates the State Child Care Capital Outlay Fund that is administered by the State Allocation Board. The board may authorize the expenditure of any moneys in the fund for capital outlay projects, including the lease of relocatable facilities. Existing law establishes the Child Care and Development Facilities Loan Guaranty Fund for the purpose of guaranteeing private sector loans for the purchase, development, construction expansion, or improvement of licensed child care and development facilities and for the purpose of administering the guarantees of these loans. Existing law establishes the Child Care and Development Facilities Direct Loan Fund for the purpose of making subordinated loans directly or through a public or private entity approved by the State Department of Education for the purchase, development, construction, expansion, or

improvement of licensed child care and development facilities and for the purpose of administering these loans.

This bill would require the Superintendent of Public Instruction to contract with ~~one or more~~ a nonprofit ~~organizations~~ organization that ~~have~~ has staff ~~who have~~ with expertise in financing and capital expansion, are knowledgeable about the child care field, and have the ability to develop and implement a plan to increase the availability of financing to renovate, expand, and construct child day care facilities. *The nonprofit organization would serve as a financial intermediary to perform certain functions relating to the development of child care facilities. The intermediary would be required to report to the superintendent by August 31, 2001.*

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1. The Legislature finds and declares all of~~
2 ~~the following:~~

3 *SECTION 1. Section 8290 is added to the Education*
4 *Code, to read:*

5 8290. (a) *The Legislature finds and declares the*
6 *following:*

7 ~~(a)~~

8 (1) There is a serious shortage of quality child day care
9 facilities throughout the state.

10 ~~(b)~~

11 (2) It is in the interest of the state's children and
12 families, and the state's economic growth, to encourage
13 the expansion of existing child day care facilities by
14 assisting communities and interested government and
15 private entities to finance child day care facilities.

16 ~~(c)~~

17 (3) In addition to regional resource centers described
18 in Provision 7(d) of Item 6110-196-0001 of the Budget Act
19 of 1999, which focus on developing child care capacity in
20 underserved areas of the state, there is a need to access
21 capital for facilities on a systematic basis, especially to use

1 limited public sector funds to leverage a greater private
2 sector role in financing child day care facilities. The
3 Legislature finds and declares that a financial
4 intermediary could fill this role and support the regional
5 resource centers *and other local entities that work with*
6 *potential providers* by functioning as a centralized
7 repository of training, best practices, and expertise on
8 facilities financing.

9 SEC. 2. (a) The Superintendent of Public Instruction
10 ~~shall contract with one or more nonprofit organizations~~
11 ~~to serve as financial intermediaries. The nonprofit~~
12 ~~organizations shall have staff who have expertise in~~ *shall*
13 *contract with a nonprofit organization to serve as a*
14 *financial intermediary. The nonprofit organization shall*
15 *have staff who have expertise in* financing and capital
16 expansion, are knowledgeable about the child care field,
17 and have the ability to develop and implement a plan to
18 increase the availability of financing to renovate, expand,
19 and construct child day care facilities, both in day care
20 centers and family day care homes.

21 (b) ~~Financial intermediaries~~ *The financial*
22 *intermediary* selected by the Superintendent of Public
23 Instruction shall undertake activities designed to increase
24 funds available from the private and public sectors for the
25 financing of child day care facilities. These activities shall
26 include, *but are not limited to*, all of the following:

27 (1) Soliciting capital grants and program-related
28 investments from foundations and corporations.

29 (2) Building partnerships with foundations and
30 corporations.

31 (3) Developing lending commitments, linked
32 deposits, and other financing programs with
33 conventional financial institutions.

34 (4) Coordinating private sources of capital with
35 existing public sector sources of financing for child day
36 care facilities, including, but not limited to, the
37 Department of Housing and Community Development
38 and the California Infrastructure and Economic
39 Development Bank.

(5) Coordinating financing efforts with the technical assistance provided by the regional resource centers described in Provision 7(d) of Item 6110-196-0001 of the Budget Act of 1999, *and other local entities that work with potential providers.*

~~(e) Financial intermediaries shall use the funds generated through the activities described in subdivision (b) to finance renovation, expansion, and construction of child care facilities by providing the following:~~

~~(1) Second mortgages.~~

~~(2) Matching grants.~~

~~(3) Linked deposits.~~

~~(4) Other creative financing tools developed by the financial intermediary to ensure the optimal utilization of public funds.~~

~~(d) —~~

(c) This section shall only be implemented to the extent that funds are appropriated for this purpose in the annual Budget Act.

SEC. 3. (a) Pursuant to funding available in the Budget Act of 2000, the Superintendent shall contract for a financial intermediary, pursuant to Section 8290, by January 1, 2001.

(b) The financial intermediary, during its first six months of operation, shall, in addition to establishing an office and hiring staff, do all of the following:

(1) Create and publicize an 800 technical assistance telephone service number.

(2) Provide financial development training for agencies at the local level including, but not limited to, Regional Resource Centers, Resource and Referral Agencies, and local child care planning councils that are assisting existing and potential providers renovate, expand, build or purchase facilities.

(3) Determine the financing barriers and impediments to the development of child care facilities, especially in underserved areas of the state.

(4) Identify funding sources which may be leveraged by the state, and partnerships with the philanthropic and corporate sectors which may be encouraged, with the

1 *goal of increasing funding available for child care facilities*
2 *for California's CalWORKs and low-income families.*
3 *(c) The financial intermediary shall prepare a report,*
4 *with recommendations, on the above for the*
5 *superintendent by August 31, 2001. The superintendent*
6 *shall submit the report, along with any State Department*
7 *of Education comments or recommendations, to the*
8 *policy and fiscal committees of the Legislature and to the*
9 *Administration, by September 30, 2001.*

